

THE HENDRICKSON COMPANY

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To: Housing Finance Authority of Leon County Board of Directors
From: Mark Hendrickson, Administrator
Subject: December 12, 2019 Board Meeting
Date: December 5, 2019

I. Financial Reports and Budget—Action

1. The November 2019 Financial Statement is attached. Net assets as of November 31, 2019 are \$1,248,514.74, with \$808,495.06 in cash (\$168,465.10 restricted).
2. All Emergency Repair and CDBG expenditures are booked against the restricted assets from the property sales (they meet the test as direct housing expenditures).
 - ✓ Total revenues from property sales: \$291,925.64
 - ✓ Emergency Repair expenditures since August 2016: \$117,080
 - ✓ CDBG rehab: \$12,163
 - ✓ Remaining Restricted Funds: \$162,682.64
3. An Expenditure Approval list and bank/SBA statements are attached.
4. **Recommendations: None**
 - Accept Financial Statements
 - Approve expenditures detailed on Expenditure Approval list.

II. Audit Update—Action

1. The Auditor will deliver a draft audit to the Audit Committee, who will report to the Board.
2. **Recommendation:** To be determined by Audit Committee. If recommended by the Audit Committee, the action would be for the Board accept the Audit Committee recommendation that the Board give approval to the draft audit of the HFA as presented by Ms. Nichols, subject to the approval being revisited if the Group Auditor (County auditor) recommended any substantive changes.

III. Tallahassee Lenders' Consortium (TLC) and Community Land Trust—Action

1. TLC made a request for funding from the HFA, and the Board invited a representative from TLC to this meeting to make an in-depth presentation of their request. TLC Executive Director Libby Lane will be at the meeting. Her request and backup is attached.
2. A summary from the CLT request:
 - *Start-up administrative funding in a total amount of \$100,000 (\$25,000 for fiscal year 2019-2020; \$50,000 for fiscal year 2020-2021 and \$25,000 for fiscal year 2021-2022)*

with a zero percent loan, 20-year term, with payments to begin in 10 years, resulting in annual payments of \$10,000.

- A one percent construction line of credit of \$200,000, available immediately, to facilitate the construction of single-family homes on land to be donated to the CLT by the County and sold to CLT-eligible low-income families. This line of credit, in lieu of obtaining financing from one of TLC’s member lenders will reduce the cost of the homes by about \$3,000*, which will be passed on to the new homeowners. The land on which the homes are built will remain in the CLT for perpetuity. A 99-year ground lease will be executed between the CLT and the homeowner. (*Assumption: bank loan of \$100,000; interest at Prime +1% plus bank fee of \$500 for 6-month construction term and 3 months of listing to sell versus 1 percent loan from Housing Finance Authority of Leon County.)

3. The Board asked Mr. Mustian to research whether the HFA’s procurement policy would allow funding of these activities (including administrative support) without additional procurement activities, and if funds from the sale of surplus properties could be used for administrative purposes. Mr. Mustian’s research is attached. He concluded that no additional procurement actions would be required to fund the request, but that proceeds from the sale of land parcels could not be used to fund administrative activities.

4. **Recommendation:** None.

IV. Magnolia Family Bond Application

1. The HFA published a NOFA for bond applications for developments that would also seek SAIL funding from FHFC. The NOFA is “open”, meaning applications are on a “first-come first-evaluated” basis.

2. An application with correct fees was received for Magnolia Family, a joint venture between New Affordable Housing Partners (Columbia) and a subsidiary of the Tallahassee Housing Authority. The development is located on part of the current Orange Avenue public housing development.

3. The application meets all HFA criteria and is a “complete application” for FHFC scoring purposes.

4. **Recommendations:**

- Authorize Chairman to execute form and/or letters necessary for Magnolia Family to apply for SAIL
- Adopt Inducement Resolution prepared by bond counsel for Magnolia Family

Name	Magnolia Family
Owner Entity*	Country Club Magnolia Family, LP
Developer/Location	New Affordable Housing Partners, LLC Atlanta, Georgia Tallahassee Housing Economic Corporation Tallahassee, Florida
Type	New Construction
Street Address	Canton Circle, 150’ SW of the intersection of Canton Circle & Country Club Drive
County Commission District	District 1, Bill Proctor
Units	130

Bedrooms	252
# of Buildings	5 residential building
# of Stories	3
Bond Request	\$15,000,000 \$115,385/unit
TEFRA Approval	TBD
Total Cost	\$24,623,515
Cost Per Unit	\$189,412
Land Cost	\$0—Ground Lease from Tallahassee Housing Authority \$0//unit
Acquisition of Building Cost	NA
Hard Construction Cost	\$16,314,670 \$125,497/unit
General Contractor	TBD
Credit Enhancement	TBD
Set-Aside Period	50 years
Set-Aside Levels	10.0% (13 units) <33% AMI for 15 years, then 60% AMI 90.0% (117 units) <60% AMI

V. Multi-Family Bond Application: Magnolia Terrace—Action

NOTE: At the time of the Administrator Memo, there were issues still to be resolved before a credit underwriting report (CUR) can be finalized. This section is written with the assumption that the CUR will be completed prior to the meeting. If not completed, this item will be pulled from the agenda

1. An application for bond financing for the acquisition and rehabilitation of Magnolia Terrace was received and approved to move through the HFA process. A final credit underwriting is now available.
2. **Magnolia Terrace** is scheduled to close in December 2019. The developer has requested issuance of bonds in an amount not to exceed \$13,000,000. The credit underwriting is complete, and the deal is ready for Board action. Bond counsel has prepared and distributed a resolution that gives final approvals necessary to sell and close bonds, including [summary only, please read resolution for full description]:
 - Approval of substantially final forms of bond and loan documents including the Preliminary Official Statement, Trust Indenture, Financing Agreement, Multifamily Loan and Security Agreement, Land Use Restriction Agreement, Subordination Agreement, Compliance Monitoring Agreement, Financial Monitoring Agreement, Construction Loan and Mortgage Servicing Agreement, Bond Purchase Agreement, Assignment of Management Agreement, Assignment of Collateral Agreements and Other Documents, Assignment of Security Instrument, Omnibus Assignment of Contracts, Plans, Permits, and Approvals, Agreement and Assignment Regarding General Contractor’s Contract, Assignment of Housing Assistance Payments Contract, and Termination Agreement;
 - Approval of the final Credit Underwriting Report;
 - Authorization of the issuance of the Bonds (subject to the parameters in the Resolution) and sale to the Underwriter;
 - Official appointment of RBC Capital Markets LLC as Underwriter in connection with the sale of the Bonds;
 - Official appointment of Seltzer Management Group, Inc., as compliance monitor, financial monitor and construction/loan servicer;

- Official appointment of The Bank of New York Mellon Trust Company as Trustee;
- Authorization of appropriate Board members and members of the Issuer to execute documents and take all other actions necessary not inconsistent with the terms of the Resolution and subject to final approval by Bond Counsel and Issuer’s Counsel; and
- Approval of the sale and transfer of the development to the Borrower.

3. **Recommendation:** Adopt Resolution prepared by Bond Counsel giving final approvals for bond sale

Name	Magnolia Terrace
Owner Entity*	LIH Magnolia Terrace, LP
Developer/Location	Levy Affiliated Holdings Santa Monica, CA 90401
Type	Acquisition and Rehabilitation Garden
Street Address	509 East Magnolia Dr, Tallahassee, FL 32301
County Commission District	District 1, Bill Proctor
Units	108
Bedrooms	232
# of Buildings	17, 15 residential, 1 community room, and 1 office/laundry
# of Stories	2
Bond Request	\$13,000,000 \$120,370/unit
TEFRA Approval	5-28-19
Total Cost	\$20,178,702
Cost Per Unit	\$186,840
Land Cost	\$720,000 \$6,666//unit
Acquisition of Building Cost	\$8,280,000 \$76,667/unit
Hard Construction Cost	\$5,352,925 \$49,564/unit
General Contractor	Wilshire Pacific Builders, LLC
Credit Enhancement	TBD
Set-Aside Period	30 years: HFA requires 50 years
Set-Aside Levels	40% of the 108 units <60% AMI—Tax Credits 100% <60% AMI

VI. Emergency Repair Program—Informational

1. The HFA authorized an emergency repair program, for minor repairs that need immediate attention—and are not covered by the County’s SHIP Program. A total of \$50,000 has been committed for FY 19-20. Individual repairs are limited to \$1,650 per home (\$7,500 for senior or persons with special needs that reside in mobile homes).
2. Of the FY 19-20 allocation, \$8,665 has been reserved.
3. **Recommendation:** None.

VII. Real Estate—Informational

1. The Real Estate Division is responsible for selling surplus properties designated for affordable housing, with proceeds of the sale coming to the HFA.

2. Sales of seven properties by the Real Estate Division generated total revenues to the HFA of \$107,102. As of November 25, 2019, sales of 27 properties by Ketcham Realty have generated \$184,823.64 to the HFA. The new total is now \$291,925.64.

PROPERTIES SOLD BY COUNTY				
Property	Sales Price	County Costs	HFA	Deposit
Calloway Street	\$ 5,900.00	\$ 700.00	\$ 5,200.00	3/29/2017
278 Oakview Drivie	\$ 27,300.00	\$ 775.00	\$ 26,525.00	1/5/2017
114 Osceola Street	\$ 34,100.00	\$ 1,523.00	\$ 32,577.00	8/29/2016
723 Frankie Lane Drive	\$ 12,000.00	\$ 700.00	\$ 11,300.00	12/1/2016
2109 Holton Street	\$ 6,500.00	\$ 1,700.00	\$ 4,800.00	2/15/2017
6009 Sam's Lane	\$ 3,000.00	\$ 600.00	\$ 2,400.00	5/15/2018
7234 Dykes Road	\$ 25,000.00	\$ 700.00	\$ 24,300.00	1/11/2019
TOTAL	\$ 113,800.00	\$ 6,698.00	\$ 107,102.00	

PROPERTIES SOLD BY BROKER				
Property	Sales Price	Ketcham Fee	HFA	Deposit
1506 Crown Ridge Road	\$ 8,100.00	\$ 1,500.00	\$ 6,600.00	5/10/2019
2997 Lilly Road	\$ 8,100.00	\$ 1,500.00	\$ 6,600.00	5/10/2019
4060 Morgan Road	\$ 7,000.00	\$ 1,500.00	\$ 5,500.00	5/10/2019
4037 Bishop Road	\$ 8,000.00	\$ 1,500.00	\$ 6,500.00	5/10/2019
4033 Bishop Road	\$ 8,000.00	\$ 1,500.00	\$ 6,500.00	5/10/2019
4043 Buster Road	\$ 8,000.00	\$ 1,500.00	\$ 6,500.00	5/10/2019
2575 Tiny Leaf Road	\$ 4,000.00	\$ 1,000.00	\$ 3,000.00	5/17/2019
1209 Southern Street	\$ 3,000.00	\$ -	\$ 3,000.00	5/17/2019
4065 Morgan Road	\$ 7,000.00	\$ 122.50	\$ 6,877.50	6/5/2019
Monday Road	\$ 15,000.00	\$ 178.50	\$ 14,821.50	6/5/2019
12513 Forest Acres Trail	\$ 9,500.00	\$ -	\$ 9,500.00	6/5/2019
2993 Lilly Road	\$ 8,100.00	\$ 1,500.00	\$ 6,600.00	6/13/2019
714 Stafford Street	\$ 15,000.00	\$ 55.00	\$ 14,945.00	6/28/2019
2123 Flipper Street	\$ 4,000.00	\$ 1,500.00	\$ 2,500.00	7/26/2019
Lilly Road	\$ 7,000.00	\$ 122.50	\$ 6,877.50	7/26/2019
Craft Street	\$ 6,000.00	\$ 115.50	\$ 5,884.50	7/26/2019
3529 Sunburst Loop	\$ 4,000.00	\$ 102.00	\$ 3,898.00	7/26/2019
Moore Woods Rd	\$ 7,000.00	\$ 122.00	\$ 6,878.00	7/26/2019
7322 Poplar Drive	\$ 9,000.00	\$ 1,816.56	\$ 7,183.44	8/13/2019
1017 Dover Street	\$ 6,750.00	\$ 905.00	\$ 5,845.00	8/28/2019
Abraham Street	\$ 6,750.00	\$ 905.00	\$ 5,845.00	8/28/2019
1118 Clay Street	\$ 6,750.00	\$ 905.00	\$ 5,845.00	8/28/2019
Calloway Street	\$ 6,750.00	\$ 905.00	\$ 5,845.00	8/28/2019
Delaware Street	\$ 6,000.00	\$ 1,500.00	\$ 4,500.00	8/28/2019
2277 Saxon Street	\$ 2,500.00	\$ 1,000.00	\$ 1,500.00	10/10/2019

10715 Tebo Trail	\$ 20,000.00	\$ 1,154.30	\$ 18,845.70	11/21/2019
4046 Morgan Road	\$ 7,000.00	\$ 567.50	\$ 6,432.50	11/25/2019
TOTAL	\$ 208,300.00	\$ 23,476.36	\$ 184,823.64	

3. **Recommendation:** None.

VIII. Legal Update—Informational

1. HFA Counsel will report on their activities.

2. **Recommendation:** None.

IX. To-Do List—Informational

To-Do Item	HFA	Admin	CAO	SL	NBN	Status	Completed
August 2019							
The Board directed the Administrator to research who is buying the properties that have been sold.		X				Ms. Leigh working on item for presentation at this meeting	
November 2019							
Board invited Tallahassee Lenders' Consortium to December meeting to make presentation on CLT funding request		X				On agenda	
Ms. Milon requested check for accuracy on total revenue numbers related to land parcel sales		X				Numbers corrected	X
Board requested more graphics and information on economic impact of Magnolia Terrace in Annual Report		X				Working on final draft	

X. State Legislative Update—Informational

1. The 2020 legislative session begins in January.
2. Based upon the August 2019 Revenue Estimate, \$350.77 million will be available from the Housing Trust Funds for FY 20-21 appropriations. SHIP is \$245.8 million and FHFC Programs (SAIL) \$104.97 million.
3. Governor DeSantis recommended full funding in his proposed budget released November 18, stating, *“Despite our strong economy and low unemployment, finding affordable housing can be challenging. My budget provides \$387 million to fully fund Workplace and Affordable Housing Programs, with \$267.2 million for the SHIP and \$119.8 for the SAIL program.”*
4. The difference between the two “full funding” numbers is that the Governor included anticipated trust fund balances from unanticipated revenues this fiscal year added to projected revenues for FY 20-21, while the Sadowski Coalition only uses the projected revenues.

5. The full-funding SHIP distribution by County/City has been generated and is attached. With full funding, \$3,493,730 would come to Tallahassee-Leon County, with the County receiving \$1,194,506 and the City of Tallahassee \$2,299,224.
6. The legislator one-pagers are available under the Advocacy tab at www.sadowskicoalition.com
7. Senator Mayfield (R- Melbourne) introduced SB 306, which would prohibit transferring monies in the Housing Trust Funds to General Revenue or the Budget Stabilization Fund. A companion bill (HB 381) was filed by Representatives Silver (D-Palm Beach) and Killebrew (R-Polk County). This is significant because we have a Republican prime sponsor in the House for the first time.
8. **Recommendations:** None.

Appropriation of Housing Trust Fund Monies: \$350.77 Million

Revenue Estimate from November 2019 REC Conference

	GOVERNOR	SENATE	HOUSE	FINAL BUDGET FY 20-21	FINAL BUDGET FY 19-20
FHFC: SAIL Line 2281	\$119,800,000				\$ 39,040,000
SHIP Line 2282	\$267,200,000				\$ 46,560,000
Hurricane Housing Recovery Program (SHIP-like program for Hurricane Michael disaster counties only) Line	\$0				\$ 65,000,000
Rental Recovery Loan Program (SAIL-like program (for Hurricane Michael disaster counties only) Line	\$0				\$ 50,000,000
TOTAL HOUSING	\$387,000,000				\$200,600,000
SHTF SWEEP	\$0				\$ 10,000,000
LGHTF SWEEP	\$0				\$115,000,000
TOTAL SWEEP	\$0				\$125,000,000
Unallocated SHTF	\$0				\$ 300,000
Unallocated LGHTF	\$0				\$7,060,000

Proviso/Back of the Bill for FHFC:

- 20% of each SAIL development for person with special needs or the elderly
- \$20 million of SAIL for workforce housing in the Keys
- SHIP funds shall prioritize funding to assist with hurricane housing recovery before routine and customary use of funds
- \$500,000 from SHIP for Catalyst Training

Additional Homeless Funding				
Item	Amount	Line Item	Source	Agency
Challenge Grants	\$3,181,500	350	GR	DCF
Federal Emergency Shelter Grant Program	\$6,950,886	351	Federal Grants TF & Welfare Transition TF	DCF
Homeless Housing Assistance Grants (staffing for 27 homeless lead agencies)	\$3,000,000	352	GR	DCF